

FINANCIAL MANAGEMENT ADVISORY COMMITTEE MINUTES

October 4, 2006

The Financial Management Advisory Committee met on October 4, 2006. The following were in attendance:

| <u>NAME</u> | <u>DEPARTMENT/DIVISION</u> |
|-------------------|--|
| Mike Clark | Department of Mental Health |
| Randall Gordon | State Auditor's Office |
| Mike Hancock | OSCA |
| Brian Dowden | OSCA |
| Michelle Mealy | Lottery |
| Dan Redel | PSC |
| LaVerne Brondel | Department of Natural Resources |
| Janet Mertens | Department of Natural Resources |
| Debbie Davis | Division of Credit Unions |
| Becky Imhoff | Department of Revenue |
| Leanne Lorts | Division of Finance |
| Judy Gehrke | Department of Economic Development |
| Brett Fischer | DHSS |
| Kevin Kolb | DHSS |
| Nichole Hackmann | STO |
| Shirley Gerling | Department of Insurance |
| Robin Hager | DESE |
| Kemp Shoun | MSHP |
| Chris Laughlin | MSHP |
| Stacey Jacobs | State Tax Commission |
| Kathy Wehmeyer | Department of Labor and Industrial Relations |
| Julie Keilholz | DED |
| Diane Riddle | Gaming Commission |
| Jayne Masek | DOC |
| Carol Willhite | DPS |
| Julie Miller | MVC |
| Mary Lee Stegeman | Supreme Court |
| Lynn Cannon | OA/Accounting |
| Jim Miluski | OA/Purchasing |
| Nancy Miluski | OA/Budget and Planning |

Presentation:

Mark S. Kaiser, General Services, Office of Administration (OA), presented information regarding the state's mail consolidation efforts. Mr. Kaiser explained that the goal of mail consolidation is to reduce mailing costs by obtaining and maximizing postage discounts and reduce mail volumes through automation and enhanced technology.

Mr. Kaiser gave a brief history regarding the past state mail committees. The Council on Management and Productivity (COMAP) and the 2003 MRI Mail Initiative Committee reduced the state's annual mail volume by 10 percent and increased automation by 40 percent. Agencies' continued improvements reduced the annual mail volume by an additional 7 percent, increased the use of a presort vendor, and increased automated mail. These changes generated an ongoing annual savings of \$1.8 million. Agencies continue to reduce costs and increase efficiency.

In December, 2005, the Commissioner of OA established a third interagency mail committee. The committee identified additional opportunities to reduce costs, reduce mail volume, and obtain additional postal discounts through agency consolidation. The state currently mails 35 million pieces of mail, receives 19 million pieces, and circulates 4 million pieces of interagency mail. Annual postage cost is \$14 million. To process mail, the state employs 99 FTE, 35 vehicles, a large amount of mail equipment, and a large amount of office space. The combination of annual postage costs and other mail expenditures is \$19 million.

The committee determined that inefficiencies are currently occurring. These inefficiencies include overlapping mail routes and post office pick ups, equipment underutilization, and multiple postage accounts. The committee reviewed the advantages and disadvantages of outsourcing mail operations. The committee recommended that agency consolidation be implemented without an outside vendor.

The implementation process is a phased-in process. Phase I includes the Department of Labor and Industrial Relations and all executive branch mailrooms, excluding the Department of Revenue, Social Services, Conservation, and MoDOT.

Anticipated benefits from Phase I are savings to exceed \$1 million, better use of resources, more efficient operations, and improved data collection. Phase I is expected to be finalized in July, 2007.

Agencies will transfer meters, vehicles, and select personnel to the consolidated mail unit in December, 2006. OA will charge agencies for postage, vehicle operating, and other incidental costs through FY07. Agencies will continue to pay the transferred personnel during FY07.

In FY08, agencies are to transfer the appropriate FTE from their budgets to OA's budget. OA will transfer fringe benefits (HB5), to the agencies' budgets. Agencies will then transfer personal service and fringe benefits associated with mail operations to their expense and equipment budgets. Agencies will use these funds to pay OA for mail service fees going forward.

Status Reports:

State Treasurer's Office - Nicole Hackmann stated that the RFP for check disbursement services is being released for bid on October 10, 2006, with a due date of October 30. The current contract with Central Bank expires on February 28, 2007.

Office of Administration, Division of Budget and Planning – Nancy Miluski, reporting for Marty Drewel, thanked agencies for submitting their budgets by the due date.

Office of Administration, Division of Purchasing and Material Management – Jim Miluski stated that OA Purchasing is developing an evaluation form for end users of contracts, a survey for vendor feedback, and an on-line purchasing training module. All projects are in the development stage and a timeline for completion has not yet been established.

Office of Administration, Division of Accounting / SAM II – Lynn Cannon stated that the new SAM II sign-in screen will be effective October 16.

The next meeting is scheduled for Wednesday, November 1st, at 8:30 in Room 400 of the HSTOB. The topic of discussion is Missouri State Government Enterprise Content Management solution (i.e., imaging, workflow, etc.).